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Pensions & Investment Age

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The nation's leading advisers

(Ranked by tax-exempt assets; figures are in $ millions)

1	Equitable Life Assurance	32,600	35	Continental Illinois	4,913	69	First Trust Co., St. Paul	2,735
2	Prudential Insurance	27,378	36	Stein Roe & Farnham	4,800	70	United States Trust Co	2,700
3	TIAA-CREF	25,120	37	First National-Chicago	4,726	71	NCNB National Bank	2,667
4	Aetna Life Insurance	23,885	38	Thorndike, Doran, Paine	4,714	72	Mutual of New York	2,650
5	Metropolitan Life	21,128	39	American National-Chicago	4,500	73	C & S Investment	2,600
6	Morgan Guaranty	19,300	40	First National-Boston	4,300	74	Security Pacific Corp	2,560
7	Bankers Trust Co	18,800	41	Delaware Investment	4,256	75	BEA Associates Inc	2,506
8	Travelers Insurance/TIMCO	14,264	42	New York Life	4,222	76	Northwestern National	2,500
9	Alliance Capital	13,245	43	Trust Co. of the West	4,200	77	Brundage, Story & Rose	2,450
10	CIGNA Corp	12,740	44	Forstmann-Leff	4,121	78	Eberstadt Asset	2,318
11	Manufacturers Hanover	12,600	45	Bank of New York	4,100	79	Kemper Financial	2,300
12	Citicorp	12,217	46	Pacific Investment	4,078	80	National City Bank	2,300
13	John Hancock	11,057	47	AmeriTrust Co	4,053	81	BA Investment	2,291
14	State Street Research	10,100	48	The Boston Co	4,021	82	Columbia Management	2,281
15	Jennison Associates	9,000	49	MacKay-Shields Financial	3,922	83	Irving Trust Co	2,248
16	Mellon Bank	8,771	50	Oppenheimer Capital	3,917	84	Pacific Mutual	2,175
17	Chase Investors	8,500	51	Funds Advisory Co	3,900	85	Connecticut National	2,149
18	Fayez Sarofim & Co	8,461	52	Rosenberg Capital	3,812	86	Massachusetts Financial	2,149
19	Capital Guardian Trust	8,322	53	New England Mutual	3,400	87	Western Asset	2,112
20	Chemical Bank	7,984	54	RepublicBank Dallas	3,369	88	Texas Commerce Bank	2,100
21	Batterymarch	7,891	55	Lehman Management Co.	3,335	89	Wachovia Bank & Trust	2,076
22	Loomis, Sayles & Co	7,485	56	Massachusetts Mutual	3,200	90	Neuberger & Berman	2,036
23	Wells Fargo	7,200	57	Boatmen's National	3,155	91	American Security Bank	2,032
24	T. Rowe Price Associates	7,125	58	IDS Advisory Group	3,127	92	Fischer, Francis	2,000
25	State Street Bank	7,100	59	Lincoln National Life	3,068	93	Trust Co. Bank	2,000
26	Bankers Life	6,918	60	Capital Supervisors Inc	3,059	94	Miller, Anderson	1,922
27	Harris Trust	6,748	61	Crocker Investment	3,000	95	Chemical Mortgage Co	1,900
28	Scudder, Stevens & Clark	6,577	62	Crocker National Bank	3,000	96	Pittsburgh National Bank	1,900
29	National Bank of Detroit	6,400	63	InterFirst Bank Dallas	2,900	97	Union Mutual Life	1,900
30	Wilmington Trust Co	6,000	64	Mutual Benefit Life	2,860	98	Hibernia National Bank	1,871
31	Brown Bros. Harriman	5,780	65	Bernstein-Macaulay Inc	2,850	99	Endowment Management	1,857
32	Fiduciary Trust Co	5,600	66	Centerre Trust Co	2,832	100	David L. Babson Co	1,855
33	The Putnam Advisory Co.	5,373	67	American Fletcher	2,817			
34	The Northern Trust Co	5,117	68	First City National Bank	2,800		TOTAL	593,253

Rankings | List by size

Full coverage, including statistics, rankings & profiles, starts on page 23.

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$4.5 million sought by broker

Loss of realty business from unions prompts suit

By Steve Hemmerick

LOS ANGELES—A fierce legal battle has begun over substantial fees earned from borrowers seeking real estate loans from a group of Southern California construction union pension trusts.

The suit, seeking at least $4.5 million, was brought by a real estate broker against two attorneys working with him in presenting real estate financing packages to the construction unions' Development Foundation of Southern California.

The foundation was formed in part to encourage construction financing for the ailing industry; unions in the foundation consider and often jointly act as lenders in real estate permanent financings. The foundation selects mortgage brokers that present them with real estate financing proposals; not all mortgage brokers can do so.

John Hebert, a real estate broker and president of Union Mortgage Bankers in Torrance, filed suit for at least $4.5 million in "lost profits" and damages the suit says are a result of a conspiracy and the termination of his firm's relationship with the foundation.

Mr. Hebert charges the defendants named in the suit, Albert Brundage and Edwin Davis, "breached their fiduciary duty by acts designed to wrongfully oust plaintiff (Mr. Hebert) from participation in the business affairs of the Foundation, and by inducing the members of the Foundation to exclude (him) from further participation in Foundation business."

Contacted by *Pensions & Investment Age*, Mr. Brundage said there is "no substance to any of the allegations" made by Mr. Hebert. He added, "this is really a picayunish matter."

However, Mr. Hebert said the suit "was going to be a gigantic blowup here," and added, "This is the tip of the iceberg. It is going to drag in a lot of members of the foundation."

The suit charges the defendants with five causes of action, including conspiracy to destroy business, breach of fiduciary duty, constructive fraud, attorney malpractice and unfair competition. The suit also charges Mr. Brundage and Mr. Davis formed a consulting firm to "convert" the business and assets of Mr. Hebert to their own use.

Mr. Hebert would not give specifics on his charges.

The suit asks $1 million in general damages, $1 million for lost profits, $500,000 for injury to plaintiff's business reputation and good will, and $2 million for punitive damages.

According to the lawsuit filed in Los Angeles County Superior

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Public hearing scheduled for HBJ plan investment

By Ivy Schmerken

NEW YORK—The Department of Labor will hold a public hearing on a pension fund investment by the Harcourt Brace Jovanovich retirement fund.

HBJ is seeking an exemption to invest part of its pension plan assets in new corporate offices for the company. The Labor Department's decision to hold the public hearings was prompted by protests over that investment by some plan participants. The public hearing is scheduled for April 29.

At issue is the HBJ plan's investment in corporate offices now under construction in Orlando, Fla. The company said that by the time the building is completed in mid-1984, the plan will have invested about $28.8 million.

According to the company, the investment now represents about 37% of plan assets, but the percentage will change as plan assets grow. HBJ currently has $67.2 million in pension plan assets.

Some plan participants oppose placing such a large proportion of the assets into a single real estate holding.

The Labor Department said it received seven letters, including two requests for a hearing from plan participants who include retirees and vested beneficiaries, some of whom no longer are working at the publishing house.

William Jovanovich, chairman, contends the opposition comes from "one or two employees" who allegedly are "bitter" over not being asked to move with the company, which is leaving New York for offices in Orlando, Cleveland and San Diego. The relocation is expected around April 1984.

Mr. Jovanovich called the public hearing wasteful. He added, however, that this did not mean he opposed an open inquiry.

An application from HBJ to exempt the investment from certain prohibited transaction sections of the Employee Retirement Income Security Act is pending before the Labor Department; the exemption is necessary because HBJ is a fiduciary of the plan and the investment may violate party-in-interest rules. A final decision is not likely until after the hearing.

The defined benefit pension plan made the real estate investment in November 1982, based on a tentative go-ahead from the department.

Last October, HBJ asked the department to grant the plan a retroactive exemption to enable it to proceed with its Florida investment.

A Labor Department spokesman told *Pensions & Investment Age* in January that the department would stand by its tentative decision to grant an investment exemption if there weren't any substantive protests to the move, which was announced in the Federal Register Dec. 10, 1982.

However, some plan participants in letters to the Labor Department questioned the prudence of tying a substantial portion of plan assets to the creditworthiness of the publishing firm, which plans to sign a 15-year rental lease and will be the

Continued on page 100

Late news

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fited from the sale.

The shares when placed in the fund were valued at $23.15 per share, totaling $57.9 million; they were sold for $30.65 per share, Alcoa's report states. The 2.5 million-share sale at that price would have brought the fund $76.63 million, $18.73 million more than the value upon contribution. Alcoa's stock contribution constituted about 32% of its $179.6 million 1982 contribution.

McDonald to join TCW

LOS ANGELES—Steve McDonald has resigned his position as senior vice president at Crocker Bank to join Trust Co. of the West as a managing director and client relations officer.

According to Ernest O. Ellison, TCW president, Mr. McDonald will begin a national marketing effort for TCW to Taft-Hartley and public pension funds.

Firm forms subsidiary

DAYTON, OHIO—Mead Corp. has formed Mead Management Co., an investment management subsidiary, according to Richard Davis, the new unit's president.

So far, Mead Management is running approximately $300 million in assets, with $70 million coming from Mead Corp.'s Employee Retirement Income Security Act funds, he said. The remaining $230 million or so is made up of insurance-related domestic and offshore corporate assets.

Mead Corp.'s pension fund consists of $450 million in assets.

Fund hires 2 for fixed

WASHINGTON—The Central Pension Fund of the International Union of Operating Engineers and Participating Employers reportedly hired two new fixed-income managers. Starbuck, Tisdale & Williams of Santa Barbara, Calif., and Funds Advisory of Houston reportedly were given about $20 million each. Officials of the fund, which has assets of more than $750 million, would not comment.

IDS Trust Co. tapped

MINNEAPOLIS—Valspar Corp. has hired IDS Trust Co. to manage $1 million of its $15 million in assets in its profit-sharing retirement trust.

Valspar will be using IDS Trust's income Fund as its investment selection for the plan.

Sumitomo Trust hires

NEW YORK—Sumitomo Trust & Banking Co., one of Japan's largest financial institutions, has hired Richard Ellis Inc., the U.S. subsidiary of the international real estate consulting firm Richard Ellis, to act as its exclusive adviser on investing in commercial property in the United States.

Sumitomo, based in Osaka, holds more than $40 billion in assets. Representing a client list that includes pension funds, institutions, corporations and individuals, Sumitomo is regarded as a leading real estate adviser to pension funds in its own country and invests $2 billion a year in the medium.

Ms. Jaffe appointed

NEW YORK—Suzanne Jaffe, an executive vice president of Lehman Management Co., has been appointed deputy comptroller for the New York State Common Retirement System's division of investments and cash management.

Ms. Jaffe succeeds William Foulk who is leaving the chief investment post at the $18 billion public retirement system to return to the private sector.

On May 1, Mr. Foulk will rejoin Trident Partners, his investment counseling business.

Ms. Jaffe, in her new position, will report to State Comptroller Ned Regan regarding the investment of virtually all state funds.

Court hears bias case

WASHINGTON—The Supreme Court heard arguments on March 28 against providing female employees a lower annuity benefit than men for the same level of contributions.

The suit was brought by Nathalie Norris against the state of Arizona. Ms. Norris charged that the use of sex-based mortality tables by the state's deferred compensation plan is discriminatory.

The tables assume women as a group live longer than men, and provide women with lower monthly benefits.

Attorneys for Ms. Norris told the high court that women must be treated as individuals under Title VII of the 1964 Civil Rights Act.

The argument was based largely on an earlier Supreme Court ruling, Los Angeles vs. Manhart, in which the high court held that Title VII prohibits employers from requiring female employees to contribute more than males for the same retirement benefit.

Highlights

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Chemical Bank considers spin-off of trust division

By Richard J. Gillespie

NEW YORK—Chemical Bank executives are mulling over a proposal to spin off the $8 billion trust and investment division into a separate subsidiary, according to Kenneth L. Dowd Jr., a senior vice president in the division.

The proposal has not been filed with the Securities and Exchange Commission.

Referring to a number of investment subsidiaries Chemical Bank owns in other states, Mr. Dowd said these units found it easier to recruit and retain talented managers.

"We feel the success we have had in other areas makes us feel we can attract and keep better people in the long run as a regular investment adviser," he said.

While the creation of a subsidiary would enable the bank to attract and keep investment talent by offering more lucrative compensation packages, Mr. Dowd said the bank already had good investment performance results and added it might prove unnecessary to set up as a subsidiary.

"There is no magic in suddenly changing your clothes, but we do think there may be recruitment pluses," he said.

The bank already owns Van Deventer & Hoch in Glendale, Calif.; Investment & Capital Management Group in Rolling Meadows, Ill.; Gulf Investment Management in Houston; and Albuquerque Capital Management in Albuquerque.

Other banks have spun off investment satellites in the past, sometimes to slough off the stigma associated with bank trust departments. The move also can improve a bank's marketing drive through the creation of better opportunities for entrepreneurial skills. ■

Investment adviser profiles

Top 100 firms run $955 billion in assets

Total assets increased 15.6% during 1982; tax-exempt assets grew by 20% to $593 billion

NEW YORK—The total assets managed by the nation's 100 largest investment management organizations increased by 15.6% to $955 billion during 1982, *Pensions & Investment Age's* annual survey shows.

Of this total, 62% or $593.2 billion is managed for tax-exempt institutions such as pension funds, endowments and foundations. These tax-exempt assets increased by 20% during 1982 from $494 billion at the end of 1981.

The increases in both total assets and tax-exempt assets managed by the top 100 firms came from new contributions and investment returns. While the asset growth was helped by the strong stock and bond markets in 1982—the Standard & Poor's 500 stock index was up 21.7% and the Lehman Bros. Kuhn Loeb Government/Corporate bond index was up 31.1%—it was retarded by lower short-term interest rates, which averaged 10.6% for 90-day Treasury bills.

Among the top 100 firms were 43 banks or non-bank trust companies managing $218 billion in tax-exempt assets, or 36.8% of the top 100 tax-exempt assets; 18 insurance companies managing $201 billion, 33.9% of the tax-exempt assets; and 39 investment counseling firms managing $174 billion, or 29.3%.

In 1981, banks managed 40.7% of the top 100's tax-exempt assets, insurance companies managed 35% and investment counseling firms managed 24.3%.

Money management firms just outside the top 100 in size showed far greater growth in 1982 than the very largest firms. The total assets managed by the second 100 climbed by 47%, to $232 billion, while tax-exempt assets managed by them jumped by 34%, to $108 billion.

Investment management firms profiled in *P&I Age* manage total assets of $1.37 trillion, of which $770 million is tax-exempt assets. A total of 604 firms were profiled; 595 managed assets, and nine were newly organized firms that do not yet have any assets under management.

Sixty-four of the managers described themselves as real estate investment managers. Assets invested in real estate totaled $46.8 billion.

Forty-one of the managers described themselves as international investment managers. Assets invested internationally for U.S. tax-exempt clients totaled $9.8 billion.

Options were used by 192 of the firms profiled, while 40 said they used stock index futures and 40 used fixed-income futures.

The asset mix at the end of 1982 for all managers profiled was 52% stocks, 27% bonds, 12% cash equivalents, 5% real estate equity, 2% mortgages and 2% other investments. For the 200 largest firms, the asset mix, excluding insurance company general account assets, was 47% stocks, 32% bonds, 11% cash, 4% mortgages, 4% equity real estate and 2% other.

However, the asset mix varied considerably among the adviser types, with investment counselors more heavily in stocks and less concentrated in bonds than either insurance companies or banks. Insurance firms, on the other hand, had more invested in mortgages.

The average asset mix for banks was 46% stocks, 37% bonds, 12% cash, 2% equity real estate, 1% mortgages and 2% other. The average asset mix for insurance companies was 30% stocks, 33% bonds, 6% cash, 6% equity real estate, 11% mortgages and 14% other. Investment counselors on average had 55 stocks, 23% bonds, 12% cash, 6% equity real estate, 2% mortgages and 3% other.

Equitable Life Assurance Society of the United States remained the largest manager of tax-exempt assets with $32.6 billion, followed by Prudential Insurance Co. of America with $27.4 billion.

However, in terms of total assets, Prudential was on top with $66.7 billion; Metropolitan Life Insurance Co. was second with $50.2 billion. Morgan Guaranty, ranked sixth in tax-exempt assets managed with $19.3 billion, was the top bank or trust company, while Alliance Capital Management, ranked ninth with $13.2 billion, was the top investment counseling firm.

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The information contained in the profile section was developed by *P&I Age's* editors via questionnaires. Figures for real estate include taxable assets; international investment figures are tax-exempt only.

In most instances where size of research staff is zero in the individual profiles, the analysts also serve as portfolio managers. Abbreviations for types of accounts are: C (corporate), E (educational endowment), F (private foundation), G (state & local government); J (jointly trusteed).

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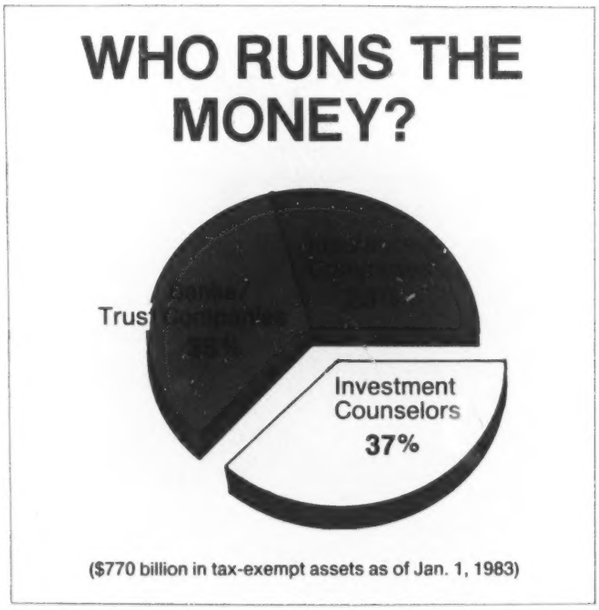

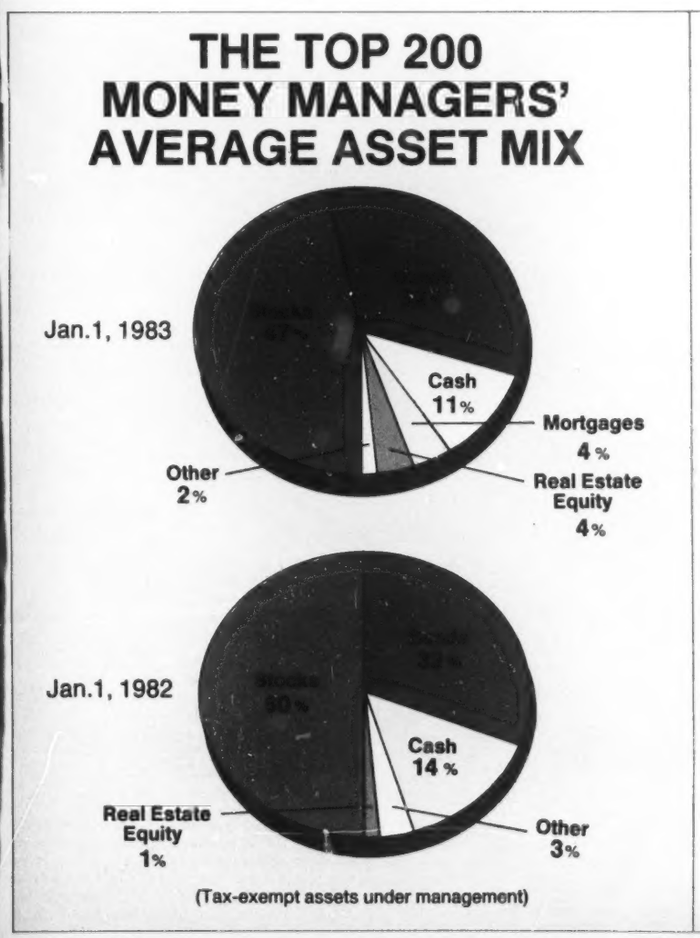

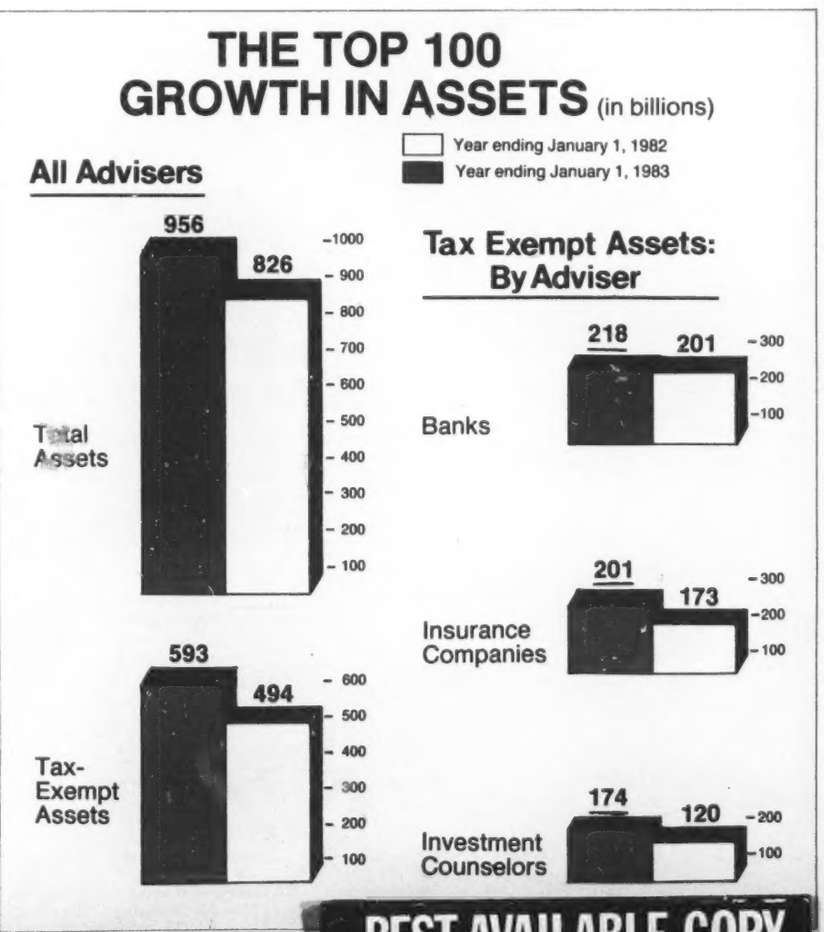

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